



UNISEM (M) BERHAD (Company No. 183314-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Current Quarter Ended 30/9/2017 RM'000	Corresponding Quarter Ended 30/9/2016 RM'000	Changes %	Current Year to date Ended 30/9/2017 RM'000	Corresponding Year to date Ended 30/9/2016 RM'000	Changes %
Revenue	382,323	321,950	18.8	1,108,314	960,648	15.4
Cost of sales	(318,646)	(268,758)	18.6	(913,902)	(798,672)	14.4
Gross profit	63,677	53,192	19.7	194,412	161,976	20.0
Operating expenses	(20,043)	(18,698)	7.2	(60,327)	(57,656)	4.6
Other operating income	2,362	10,116	-76.7	11,823	22,551	-47.6
Interest expense	(588)	(495)	18.8	(1,739)	(2,520)	-31.0
Profit before taxation	45,408	44,115	2.9	144,169	124,351	15.9
Taxation	(4,459)	(5,306)	-16.0	(15,330)	(12,521)	22.4
Profit for the period	40,949	38,809	5.5	128,839	111,830	15.2
Profit attributable to:						
Owners of the Company	40,447	38,629	4.7	127,440	110,954	14.9
Non-controlling interests	502	180	178.9	1,399	876	59.7
	40,949	38,809	5.5	128,839	111,830	15.2
Earnings per share (sen) –						
(a) Basic	5.51	5.26	4.7	17.37	15.12	14.9
(b) Diluted	5.51	5.26	4.7	17.37	15.12	14.9

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS

	Current Quarter Ended 30/9/2017 RM'000	Corresponding Quarter Ended 30/9/2016 RM'000	Changes %	Current Year to date Ended 30/9/2017 RM'000	Corresponding Year to date Ended 30/9/2016 RM'000	Changes %
Profit for the period	40,949	38,809	5.5	128,839	111,830	15.2
Other comprehensive income/(loss)j						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	378	16,656	-97.7	(14,783)	(50,072)	-29.5
Net fair value changes in available-for-sale financial assets	13	-	100.0	97	-	100.0
Total Comprehensive Profit for the period	41,340	55,465	-25.5	114,153	61,758	84.8
Total Comprehensive Profit attributable to:						
Owners of the Company	40,838	55,285	-26.1	112,754	60,882	85.2
Non-controlling interests	502	180	178.9	1,399	876	59.7
	41,340	55,465	-25.5	114,153	61,758	84.8

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30/9/2017 RM'000	As at Preceding Financial Year End 31/12/2016 RM'000
Assets		
<i>Non-Current Assets</i>		
Property, Plant and Equipment	1,122,606	1,128,975
Prepaid Interest in Leased Land	19,058	19,711
Intangible Assets	1,928	3,625
Deferred Tax Assets	1,218	1,229
Total Non-current Assets	1,144,810	1,153,540
<i>Current Assets</i>		
Inventories	165,604	139,408
Trade and Other Receivables	210,078	219,108
Tax Recoverable	26,897	20,320
Deposits and Other Cash and Cash Equivalents	257,691	253,788
Total Current Assets	660,270	632,624
Total Assets	1,805,080	1,786,164
Equity and Liabilities		
<i>Capital and Reserves</i>		
Share Capital	595,367	366,915
Reserves	876,003	1,046,738
Equity Attributable To Owners of the Company	1,471,370	1,413,653
Non-controlling interests	6,754	5,355
Total Equity	1,478,124	1,419,008
<i>Non-Current Liabilities</i>		
Bank Borrowings	7,444	15,487
Retirement Benefits Obligations	31,547	31,574
Deferred Income	8,253	8,562
Deferred Tax Liabilities	7,396	8,326
Total Non-current Liabilities	54,640	63,949
<i>Current Liabilities</i>		
Trade and Other Payables	229,308	260,603
Bank Borrowings	37,026	36,131
Provision for Tax	5,982	6,473
Total Current Liabilities	272,316	303,207
Total Liabilities	326,956	367,156
Total Equity and Liabilities	1,805,080	1,786,164
Net Assets per ordinary share attributable to owners of the Company (RM)	2.0051	1.9264

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year To Date Ended 30/9/2017 RM'000	Corresponding Year To Date Ended 30/9/2016 RM'000
Operating Activities		
Profit For The Period	128,839	111,830
Adjustments for non-cash items:		
Depreciation and amortisation expenses	127,221	127,858
Interest (income)/expense - net	(1,914)	508
Others	13,938	13,277
Operating Profit Before Changes In Working Capital	268,084	253,473
Net change in current assets	(21,500)	(4,004)
Tax paid	(24,184)	(11,838)
Net change in current liabilities	(10,176)	921
Others	1,719	259
Net Cash Flows From Operating Activities	213,943	238,811
Investing Activities		
Additions to property, plant and equipment	(127,693)	(94,486)
Others	7,211	2,507
Net Cash Flows Used In Investing Activities	(120,482)	(91,979)
Financing Activities		
Repayment of bank borrowings – net	(5,540)	(53,449)
Dividend paid	(80,721)	(55,037)
Others	(1,754)	(2,468)
Net Cash Flows Used In Financing Activities	(88,015)	(110,954)
Net Change in Cash & Cash Equivalents	5,446	35,878
Cash And Cash Equivalents At Beginning Of Period	253,788	133,008
Effect of exchange rate differences	(1,543)	(7,740)
	252,245	125,268
Cash And Cash Equivalents At End Of Period	257,691	161,146
Cash and Cash Equivalents comprised the following :		
	RM'000	RM'000
Deposits and Other Cash and Cash Equivalents	257,691	161,146

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



UNISEM (M) BERHAD (Company No. 183314-V)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →				Subtotal RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium & Other Reserves RM'000	Foreign Currency Exchange Reserve RM'000	Retained Earnings RM'000			
Current Period To Date Ended 30 September 2017							
At 1 January 2017	366,915	253,113	190,263	603,362	1,413,653	5,355	1,419,008
Adjustments for effects of Companies Act 2016 (Note)	228,452	(228,452)	-	-	-	-	-
Profit for the period	-	-	-	127,440	127,440	1,399	128,839
Other comprehensive income/(loss)	-	97	(14,783)	-	(14,686)	-	(14,686)
Total comprehensive income/(loss) for the period	-	97	(14,783)	127,440	112,754	1,399	114,153
Dividend distributed to equity holders	-	-	-	(55,037)	(55,037)	-	(55,037)
At 30 September 2017	595,367	24,758	175,480	675,765	1,471,370	6,754	1,478,124

Note:

With the Companies Act 2016 ("CA2016") coming into effect on 31 January 2017, the credit standing in the share premium account of RM228,452,000 has been transferred to the share capital account. Pursuant to subsections 618(3) and 618(4) of the CA2016, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →				Non- Controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium & Other Reserves RM'000	Foreign Currency Exchange Reserve RM'000	Retained Earnings RM'000			Subtotal RM'000
Corresponding Period To Date Ended 30 September 2016							
At 1 January 2016	366,915	249,595	208,457	526,878	1,351,845	4,301	1,356,146
Profit for the period	-	-	-	110,954	110,954	876	111,830
Other comprehensive loss	-	-	(50,072)	-	(50,072)	-	(50,072)
Total comprehensive income/(loss) for the period	-	-	(50,072)	110,954	60,882	876	61,758
Dividend distributed to equity holders	-	-	-	(55,037)	(55,037)	-	(55,037)
At 30 September 2016	366,915	249,595	158,385	582,795	1,357,690	5,177	1,362,867

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 'INTERIM FINANCIAL REPORTING' (MFRS 134) AND BURSA LISTING REQUIREMENTS

A1. *Accounting policies and basis of preparation*

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the *MFRS 134* issued by the Malaysian Accounting Standards Board (MASB) and *Paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad* and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2016.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2016.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2017. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

A2. *Declaration of audit qualification*

The preceding annual financial statements of the Group were reported without any audit qualification.

A3. *Explanatory comment about the seasonality or cyclicity of operations*

There were no material seasonal or cyclical factors affecting the results of the quarter under review.

A4. *Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence*

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year to date.

A5. *Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period*

There were no changes in the estimates of amounts, which give a material effect in the current interim period.

A6. *Details of issue, cancellation, repurchase, resale and repayment of debt and equity securities*

There were no issue, cancellation, repurchases, resale and repayment of debt or equity securities during the quarter under review and financial year to date.

A7. *Changes in contingent liabilities or contingent assets*

There were no changes in contingent liabilities or assets since the date of the last report.

A8. *Valuations of property, plant and equipment brought forward without amendment from the previous annual financial statements*

There were no amendments to the valuations of property, plant and equipment brought forward.



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A9. Dividend Paid

An interim dividend of 3.5 sen per share tax-exempt, amounting to RM25.684 million in respect of ordinary shares in the current financial year was paid by the Company on 8 September 2017.

A final dividend of 4.0 sen per share tax-exempt, amounting to RM29.353 million in respect of ordinary shares in the previous financial year was paid by the Company on 19 May 2017.

A second interim dividend of 3.5 sen per share tax-exempt, amounting to RM25.684 million in respect of ordinary shares in the previous financial year was paid by the Company on 6 January 2017.

A10. Segment revenue and segment result and segment assets employed for business segments or geographical segments

The Group's geographical segment report for the financial year to date is as follows:

Year To Date Ended 30 September 2017	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	494,182	154,905	459,227	1,108,314
Segment results	79,023	679	62,661	142,363
Year To Date Ended 30 September 2016	USA RM'000	Europe RM'000	Asia RM'000	Group RM'000
Revenue from external customers	378,465	145,425	436,758	960,648
Segment results	65,907	(3,055)	60,860	123,712
			Current Year to date Ended 30/9/2017 RM'000	Corresponding Year to date Ended 30/9/2016 RM'000
Reconciliation of segment results				
Reportable segments			142,363	123,712
Non-reportable segments			(108)	1,147
Interest expense			(1,739)	(2,520)
Investment income			3,653	2,012
Profit before tax			144,169	124,351
Taxation			(15,330)	(12,521)
Profit after tax			128,839	111,830

A11. Material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period

There are no material events subsequent to the end of the period reported on that have not been reflected in the financial statement for the said period.



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A12. *Effect of changes in the composition of the Group*

There were no changes in the composition of the Group during the current quarter under review and financial year to date except for the following:

- Unisem GmbH commenced its voluntary liquidation proceedings. A notification has been published in Germany on 30 December 2016 and the freeze-period (Sperrjahr) of one year for the liquidation has commenced. The liquidation is expected to be finalized by December 2017.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. *Detailed analysis of the performance of all operating segments of the Group, setting out material factors affecting the earnings and /or revenue for the current quarter and financial year to date*

The Group recorded revenue and net profit of RM382.323 million and RM40.949 million respectively for the quarter ended 30 September 2017. These represent improvement in revenue and net profit of 18.8% and 5.5% respectively against the corresponding quarter ended 30 September 2016.

For the nine months period ended 30 September 2017, the Group recorded revenue and net profit of RM1.108 billion and RM128.839 million respectively, these represent increase of 15.4% in revenue and 15.2% in net profit as compared to the same period a year ago. All segments recorded increase in revenue with USA segment recorded the highest improvement of 30.6% whilst Europe and Asia segments increased by 6.5% and 5.1% respectively.

The increase in revenue and net profits for the current quarter and financial year to date was attributable to higher sales, improved average selling prices and the appreciation of USD/MYR exchange rate as compared to the prevailing rate in the corresponding quarter/period a year ago.

B2. *Explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter*

	Current Quarter Ended 30/9/2017 RM'000	Immediate Preceding Quarter Ended 30/6/2017 RM'000	Changes %
Revenue	382,323	365,743	4.5
Gross Profit	63,677	62,566	1.8
Profit Before Tax	45,408	47,899	-5.2
Profit After Tax	40,949	42,511	-3.7
Profit attributable to Owners of the Company	40,447	42,089	-3.9

The Group achieved profit before taxation of RM45.408 million for the current quarter, a decline of 5.2% against the profit before taxation reported in the preceding quarter ended 30 June 2017. The lower profit before tax as compared with the preceding quarter was mainly attributable to the depreciation of USD/MYR exchange rate, lower grant income received and higher foreign exchange loss. Please refer to Note B7 for further details.



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- B3.** *Commentary on the prospects, including the factors that are likely to influence the Group's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter*

The directors expect the performance of the Group to remain satisfactory till the end of the financial year.

- B4.** *Where the audit report of the company's preceding annual financial statements was qualified, disclosure of the qualification and current status of the matter(s) giving rise to the qualification for the current quarter and financial year to date*

The preceding annual financial statements of the Group were reported without any audit qualification.

- B5.** *A statement of the board of directors' opinion as to whether the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved*

Not applicable.

- B6.** (a) *Explanatory note for any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%)*

Not applicable.

- (b) *Explanatory note for any shortfall in the profit guarantee received by the Group (if any) and steps taken to recover the shortfall;*

Not applicable.

- B7.** *Profit Before Taxation*

Profit before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended 30/9/2017 RM'000	Corresponding Quarter Ended 30/9/2016 RM'000	Current Year to date Ended 30/9/2017 RM'000	Corresponding Year to date Ended 30/9/2016 RM'000
Depreciation and amortisation	42,625	41,753	127,221	127,858
Foreign exchange loss/(gain)	3,086	(5,238)	5,755	(9,498)
Interest expense	588	495	1,739	2,520
Provision for/(Write back of) slow moving inventories	20	-	334	-
(Gain)/Loss on disposal of properties	-	-	(1,241)	-
Grant income received	(471)	(620)	(2,641)	(1,321)
Interest income	(1,243)	(761)	(3,653)	(2,012)
Provision for receivables	-	19	-	19
Bad debts written off	-	-	-	-
Impairment losses on assets	-	-	-	-
Loss/(Gain) on derivatives	-	-	-	-

Grant income received represents Government subsidy received by one of the foreign subsidiaries.



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B8. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial year to date

	Current Quarter Ended 30/9/2017 RM'000	Corresponding Quarter Ended 30/9/2016 RM'000	Current Year to date Ended 30/9/2017 RM'000	Corresponding Year to date Ended 30/9/2016 RM'000
Income tax payable	(5,031)	(4,255)	(16,198)	(11,616)
Deferred tax	160	26	456	181
	(4,871)	(4,229)	(15,742)	(11,435)
Over/(Under) provision in prior year	412	(1,077)	412	(1,086)
	<u>(4,459)</u>	<u>(5,306)</u>	<u>(15,330)</u>	<u>(12,521)</u>

The effective tax rate was lower than the statutory tax rate mainly due to the availability of tax allowances and incentives to offset the taxable income.

Further to Note 9(b) to the Company's audited financial statements for the financial year ended 31 December 2016, PT Unisem after receiving an unfavorable verdict in relation to the tax assessment for year of assessment 2011 from the Tax Court, on 21 March 2017 paid an amount equivalent to RM3.5 million, representing the assessed tax underpayment of RM2.7 million and interest of RM0.8 million. PT Unisem is in the midst of filing an appeal with the Supreme Court on the above.

B9. (a) Status of corporate proposals announced but not completed

There are no outstanding corporate proposals announced but not completed as at the date of this announcement.

(b) Status of utilisation of proceeds raised from any corporate proposal for the quarter under review

There are no unutilised proceeds raised from corporate proposal as at the date of this announcement.

B10. Borrowings and debt securities as at the end of the reporting period

The detail and currency analysis of the Group's borrowings as at end of current quarter are as follows:

	RM'000
<i>Secured Borrowings</i>	
Due within 12 months	27,453
<i>Unsecured Borrowings</i>	
Due within 12 months	9,573
Due after 12 months	7,444
	<u>44,470</u>

All the Group's borrowings are denominated in US Dollars.



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B11. Trade Receivables

The age analysis of trade receivables is as follows:

	Current Quarter Ended 30/9/2017 RM'000	Corresponding Quarter Ended 30/9/2016 RM'000
Neither past due nor impaired	188,846	164,572
Past due but not impaired:		
61 – 90 days	4,894	5,150
91 – 120 days	743	2,229
Above 120 days	668	5,950
	6,305	13,329
Past due and impaired:		
Above 120 days	19	19
	195,170	177,920

The Group did not impair the past due trade receivables but monitors these receivables closely and is confident of their eventual recovery.

B12. Material Impairment of Assets

There was no material impairment of assets during the quarter under review and financial year to date.

B13. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date

There were no changes in material litigation since the date of the last report.

B14. Foreign Currency Risk Management

The Group attempts to significantly limit the foreign currency exchange risk by having a natural hedge between its receivables and a substantial portion of its payables/bank borrowings and may also enter into forward currency exchange contracts.

B15. Dividend

The Directors recommended a second interim dividend of 3.5 sen per share tax-exempt for the current financial quarter ended 30 September 2017 (3.5 sen per share tax-exempt for the financial quarter ended 30 September 2016). The dividend will be paid on 5 January 2018.

B16. Earnings per share

The basic earnings per share for the current quarter and financial period to date of 5.51 sen and 17.37 sen respectively were calculated by dividing the Group's profit attributable to owners of the Company for the current quarter of RM40.447 million and financial period to date of RM127.440 million by the weighted average number of ordinary shares in issue of 733,831,055.



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B17. Realised and Unrealised Profits

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive from the Exchange, is as follows:

	As at 30/9/2017 RM'000	As at 31/12/2016 RM'000
Realised	563,238	343,778
Unrealised	(6,178)	(5,443)
	<hr/>	<hr/>
	557,060	338,335
Add: Consolidation adjustments	118,705	265,027
Total Retained Earnings	<hr/> <hr/>	<hr/> <hr/>
	675,765	603,362

BY ORDER OF THE BOARD

CHUA HENG FATT (MACS 00264)

CHIN HOCK YEE (LS 8922)

Company Secretary

DATED : 1 November 2017